26 of 100 DOCUMENTS

Hoover's Company Records - In-depth Records

August 3, 2016

RIO TINTO LIMITED

L 33 120 Collins St
Melbourne, Victoria
Australia

* * * * * * * * * * **COMMUNICATIONS** * * * * * * * * * *
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* * * * * * * * * * **COMPANY IDENTIFIERS** * * * * * * * * * *
HOOVER ID: 52987

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LEGAL STATUS: Public

EMPLOYEES: 54,938
ONE YEAR EMPLOYEE GROWTH: (8.1%)

* * * * * * * * * * **EXECUTIVES** * * * * * * * * * *

OFFICER	TITLE	AGE	SALARY	BONUS	TOTAL_COMPENSATION
Andrew Harding	Chief executive, Iron Ore	-	-	-	-
Alan Davies	Chief executive, Diamonds and Minerals	-	-	-	-
Hugo Bague	Group executive, Organisational Resources	-	-	-	-
Harry Kenyon-Slaney	Chief executive, Energy	-	-	-	-
Jan P. du Plessis	Chairman	61	-	-	-
Greg Lilleyman	Group executive, Technology and Innovation	-	-	-	-
Jean-Sebastien Jacques	Chief executive, Copper	-	-	-	-
Alfredo Barrios	Chief executive, **Rio**	-	-	-	-

OFFICER	TITLE	AGE	SALARY	BONUS	TO-TAL_COMPENSATION
	Tinto Alcan				
Rob Atkinson	Chief Operating Officer	-	-	-	-

DIRECTOR	TITLE	AGE
Jan P. du Plessis	Chairman	61

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Rio Tinto is on the lookout for pay dirt. **Rio Tinto** Limited, one of the world's largest mining operations (along with BHP Billiton and Vale), is the Australian half of dual-listed sister companies, with **Rio Tinto** plc taking up residence in London. Although each company trades separately, the two **Rio Tintos** operate as one business. **Rio Tinto** explores for a variety of commodities: bauxite, coal, copper, diamonds, gold, iron ore, minerals (borates and titanium dioxide), nickel, and potash. Iron ore makes up about 44% of the group's sales. It also produces aluminum through its **Rio Tinto** Alcan unit. Most of its businesses are in Australia and North America, but it is expanding its operations in China and Mongolia.

By focusing on a strategy of developing large-scale, long-term mining operations and businesses, **Rio Tinto** has tried to weather commodity prices that have dipped and risen over several years. The mining industry is affected by both oversupply and rising costs in raw materials. Like its rivals, the company continues to seek acquisitions that will grow shareholder value as it cuts costs and improves productivity.

Despite a year of challenges, including six fatalities at its mining sites and flooding that disrupted production in Australia, **Rio Tinto** recorded revenues of $60.5 billion in 2011. Net income, however, fell about 59% -- from $15.3 billion in 2010 to $6.8 billion in 2011. The company attributes an $8.9 billion impairment charge related to its aluminum assets as the cause of its precipitous fall in net earnings that year.

The company's iron ore business also contributed 78% of the group's net income in 2011. **Rio Tinto** is the world's second-largest supplier of iron ore, which is used in steelmaking operations. Its key iron ore operations are in the Pilbara region of Western Australia and in Quebec in Canada.

In 2011 the company started trimming its aluminum operations. It placed 13 assets on the chopping block, allowing **Rio Tinto** Alcan to focus on its high-quality, tier one assets (mostly in Canada) and improve performance. The company also planned to transfer its stakes in six Australian and New Zealand operations to a new business unit, Pacific Aluminium, that would be managed and reported separately from **Rio Tinto** Alcan.

In 2011, to raise cash, the company sold its talc business to Imerys for $340 million. That year **Rio Tinto** also increased its stake to 49% in Canada-based Ivanhoe Mines, which manages the Oyu Tolgoi mine in Mongolia, one of the world's largest undeveloped copper-gold projects. In 2012 it upped its holding in Ivanhoe Mines to 51% to become the majority owner. Commercial production at the mine may be delayed, however, because an agreement to supply electricity has not yet been reached between China and Mongolia.

In another strategic move in 2011, **Rio Tinto** made an all-cash offer for Canada-based uranium producer Hathor Exploration, valued at $578 million, after rival Cameco Corp. made a takeover bid for the company. In 2012 **Rio Tinto** was successful in acquiring Hathor, which supplies about a fifth of the world's uranium.

In the first half of 2011 the company completed the acquisition of the Riversdale coal mine, which has now been renamed **Rio Tinto** Coal Mozambique.

In 2012 the company began an overview of operations and announced that it may sell its diamond business. The company operates diamond mines in Canada, Zimbabwe, and Australia. At its Argyle mine in Australia, the company unearthed a rare pink diamond in the rough in 2012. The Argyle mine is undergoing a $2.1 billion expansion and is the world's largest producer of pink diamonds. However, in 2011 diamond operations made up only 2% of the company's total earnings before interest, tax, depreciation, and amortization. Argyle's lower production also helped lead to an 86% drop in overall earnings for its diamonds unit that year.

Slimming down further in 2012, the company agreed to sell one of its noncore US operations, Atlanta-based wire and cable business Alcan Cable, to Kentucky-based General Cable for $185 million. General Cable makes and distributes copper, aluminum, and fiber-optic wire and cable products. Alcan Cable serves the energy and construction markets.

HISTORY:

Rio Tinto Limited began life as the Zinc Corporation in 1905 to recover zinc from the tailings of the silver and lead mines around Australia's mineral-rich Broken Hill area. The company expanded steadily, extending its operations into a wide range of mining and metallurgical activities, primarily in Australia. By 1914 it had changed its name to Consolidated Zinc Corporation. The company discovered the world's largest deposit of bauxite (1955) and formed Hamersley Holdings with Kaiser Steel (1962) to mine iron ore.

Rio Tinto plc (UK) began with mining operations in Spain in 1873. It sold most of its Spanish holdings in 1954 and branched out to Australia, Africa, and Canada. In 1962 **Rio Tinto** and Australia's Consolidated Zinc merged to form RTZ. The companies merged their Australian interests as a partially owned subsidiary, CRA (from Conzinc Riotinto of Australia).

In 1968 RTZ bought U.S. Borax, which was built on one of the earth's few massive boron deposits. (The use of boron in cleansers was widespread in the late 19th century.) A 1927 discovery in the Mojave Desert led to development of a large boron mine. Until its Turkish mine was nationalized, RTZ controlled the world's boron supply. It sold U.S. Borax's consumer products operations in 1988.

RTZ opened a large copper mine at Bougainville in Papua New Guinea in 1969. Subsidiary CRA discovered diamonds in Western Australia's Argyle region three years later. CRA then opened Australia's largest thermal-coal development at Blair Athol in 1984.

RTZ bought **Kennecott** Corporation in 1989 and expanded its copper operations. **Kennecott** had been formed by Stephen Birch and named for Robert Kennicott (a typo altered the spelling of the company's name); it had begun mining at Bingham Canyon, Utah, in 1904. Kennicott had died in Alaska while trying to establish an intercontinental telegraph line. Backed by J.P. Morgan and the Guggenheims, Birch also built a railroad to haul the ore. **Kennecott** merged its railroad and mine operations in 1915. **Kennecott** consolidated its hold on Chile's Braden copper mine (1925) and on the Utah Copper Company (1936) and other US mines. When copper prices slumped, British Petroleum's Standard Oil of Ohio subsidiary bought **Kennecott** (1981). In 1989 RTZ purchased British Petroleum's US mineral operations, including **Kennecott.**

By the 1990s RTZ and CRA (by then 49%-owned by RTZ) were increasingly competing for mining rights to recently opened areas of Asia and Latin America. RTZ sold the last of its nonmining holdings (building products group) in 1993. In 1995 RTZ brought CRA into its operations. Through **Kennecott,** RTZ purchased US coal mine operators Nerco, Cordero Mining Company, and Colowyo Coal Company. Also in 1995 the company acquired 13% of Freeport-McMoRan Copper & Gold (sold in 2004).

The RTZ and CRA company names were changed to **Rio Tinto** plc and **Rio Tinto** Limited, respectively, in 1997. **Rio Tinto** bought a Wyoming coal mine from Kerr-McGee for about $400 million in 1998. The next year **Rio Tinto** bought 80% of Kestrel (coal, Australia), increased its ownership of Blair Athol from 57% to 71%, and increased its stake in Comalco (aluminum) to 72%.

In 2000 CEO Leon Davis retired; his position passed to energy group executive Leigh Clifford. In a move that sparked an outcry from union officials, Davis accepted a position as non-executive deputy chairman (he retired from the board in 2005). Later that year **Rio Tinto** acquired both North Limited and Ashton Mining. The company also bought Comalco's outstanding shares and the Peabody Group's Australian subsidiaries.

Rio Tinto sold its Norzink Zink Smelter to Outokumpu in 2001. It also increased its holdings in Queensland Alumina, Coal & Allied Industries, and Palabora Mining, and it began developing the Hail Creek Coal Project in Australia, which is based on one of the largest coking coal deposits in the world. In 2003 **Rio Tinto** sold its 25% stake in Minera Alumbrera (Argentina) and Peak Gold Mine (Australia) to Wheaton River Minerals for around $210 million.

Rio Tinto had owned 14% of Lihir Gold but divested its stake in the company. Prior to that decision the company had controlled Lihir and its management. In late 2005, though, **Rio Tinto** reliquished its management rights and decided to sell its entire stake in Lihir.

Tom Albanese succeeded Clifford in 2007.

In 2007 **Rio Tinto** swooped in and made a successful $38 billion offer to buy Alcan, then the world's #3 aluminum producer. That came not long after Alcoa, #2 in the world, had offered $33 billion. The deal combined **Rio Tinto's** own aluminum operations with Alcan's to form the new world leader, **Rio Tinto** Alcan, based in Canada. **Rio Tinto's** operations were located in Australia, New Zealand, and Africa, as well as in Italy and the UK. Alcan's geographic strengths were in North America, throughout Europe, and in the Asia/Pacific region.

After that acquisition, **Rio Tinto** announced a major divestment program, saying it wanted to sell off $15 billion worth of assets. In early 2008 it began that program, selling stakes in two North American properties to Hecla Mining and Barrick Gold. The properties had been a part of **Kennecott** Minerals and netted **Rio Tinto** about $2.5 billion. Later that year the company spun off most of its North American coal operations into a company called Cloud Peak Energy, which it spun off through a public offering in 2009, using the almost $750 million it received to help recoup expenses from the purchase of Alcan. A major step in the divestment plan was taken in early 2009 when the company sold its undeveloped potash assets and a Brazilian iron ore mine to Vale for about $1.5 billion.

The company's most significant deals, though, have been the ones that didn't happen. In 2008 BHP Billiton approached **Rio Tinto** with an offer to buy its Anglo-Australian rival at a price that valued the company at nearly $150 billion. **Rio Tinto's** Board rejected the notion, but BHP Billiton kept up its pursuit. The combination would have created the world's largest minerals company and one of the largest companies of any sort in terms of market cap. Months later though, at the end of a year mired by the global economic meltdown, BHP Billiton announced that the deal no longer provided value to its shareholders and called it off.

In an effort to obstruct BHP Billiton's takeover bid for **Rio Tinto,** in 2008 Alcoa and Aluminum Corporation of China (Chinalco) had acquired 14% of **Rio Tinto** for $14 billion. Early the next year Chinalco stepped in with an offer to assist **Rio Tinto** out of a portion of its debt, which was considerable. The complicated arrangement would have given **Rio Tinto** $19.5 billion through investments in aluminum, copper, and iron ore joint ventures as well as through convertible bonds. Chinalco's stake in **Rio Tinto** would have been raised to 19% and the Chinese company would have had the right to name two members to **Rio Tinto's** Board.

However, the transaction -- never popular with domestic investors -- fell through by mid-2009. **Rio Tinto** instead went with a rights issue, hoping to raise $15 billion, and an agreed-upon joint venture with BHP Billiton that would have combined the two companies' iron ore projects in Western Australia. However, that deal fell through also after German authorities ruled in 2010 that it was anticompetitive.

In late 2010, **Rio Tinto** made a $3.5 billion tender offer for Australian coal producer Riversdale Mining Ltd., but ran into problems convincing two large institutional shareholders to sell their stakes. **Rio Tinto** upped the offer to about $4 billion in early 2011, but India's Tata Steel and Brazil's CSN -- which together held about 47% of Riversdale -- were still not willing to part with their shares. A couple of deadline extensions and price bumps later, **Rio Tinto** acquired both the CSN and Tata stakes to control close to 100% of Riversdale's shares.

HOOVER INDUSTRIES:

- Coal Mining
- Primary Metals Manufacturing
    - Aluminum Production
- Metal Ore Mining
    - Gold & Silver Mining
    - Copper & Nickel Mining

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NAICS CODES:
551112 - Offices of Other Holding Companies
213114 - Support Activities for Metal Mining
SIC CODES:
1081 - Metal mining services
6719 - Holding companies, nec
MARKETS:

2014 Sales

% of total

Asia Pacific

China 38

Japan 15

Australia 2

Other Asia 16

North America

USA 13

Canada 3

Europe

UK 1

Other Europe 9

Others 3

Total 100

- 2014 Sales
- % of total
- Iron Ore 46
- Aluminum 23
- Copper 10
- Coal 7
- Industrial materials 6
- Diamonds 2
- Gold 2
- Other 4
- Total 100
- Selected Holdings
-
- Aluminum
- Bell Bay
- Boyne Island (59%, smelting)
- Queensland Alumina Ltd. (80%)
- Tiwai Point (79%, New Zealand)
- Weipa (Australia)
- Iron Ore
- Hamersley Iron Pty. Ltd.
- Channar (60%)
- Marandoo mine (Pilbara, Australia)
- Nammuldi

- Iron Ore Co. of Canada (59%)
- Robe River Iron Associates (53%)
- Energy & Minerals
- Coal
- Bengalla (30%, Australia)
- Blair Athol Coal (71%)
- Hail Creek Coal (82%)
- Hunter Valley Operations (76%)
- Kestrel (80%)
- Mt Thorley (61%)
- Warkworth (42%)
- **Rio Tinto** Diamonds & Minerals
- **Rio Tinto** Diamond (diamonds, Australia, Canada, Zimbabwe)
- **Rio Tinto** Minerals (borates, titanium dioxide, Argentina/Australia/US)
- Copper Products
- Escondida (30%, Chile)
- Grasberg (40%, Indonesia)
- **Kennecott** Utah Copper (US)
- Northparkes (80%)
- Palabora (58%, South Africa)
- Gold
- Barneys Canyon (US)
- Bingham Canyon (US)
- Escondida (30%, Chile)
- Rawhide (51%, US)

COMPETITORS:

- Recylex
- Glencore
- Newmont Mining
- ASARCO
- Fortescue Metals
- ALROSA
- Norsk Hydro ASA
- Anglo American
- Goldcorp
- RUSAL
- Marubeni
- Freeport-McMoRan
- Barrick Gold
- Vale
- ITOCHU
- AngloGold Ashanti
- BHP Billiton
- Alcoa
- Teck
- Kaiser Aluminum
- Grupo México
- Cliffs Natural Resources
- Southern Copper
- CONSOL Energy
- Codelco

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FISCAL YEAR DATE: December, 2015

(Millions U.S. Dollars)	2015	2014	2013
Revenue	$34,829.0	$47,664.0	$51,171.0
Net Income	($866.0)	$6,527.0	$3,665.0
Net Profit	-	13.7%	7.2%
Employees	54,938	59,775	66,331

- One Year Sales Growth: (26.9%)

	2015
Debt Ratio	56.6%
Cash	$9,366,000,000
Current Ratio	1.52
Long-term debt	$21,140,000,000
Shares outstanding	1,798,200,000

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EXCHANGE: Australian
CURRENT SHARES OUTSTANDING: 1,798,200,000
EPS: ($0.48)
BOOK VALUE PER SHARE: $2.32
HISTORICAL STOCK INFORMATION:

	2014	2013	2012
Earnings	$3.51	$1.97	($1.62)
Book Value per Share	$2.58	$2.78	$3.19

	2011	2010	2009
Earnings	$3.01	$7.26	$2.75
Book Value per Share	$3.08	$2.98	$2.64

	2008	2007	2006
Earnings	$2.85	$5.66	$5.56
Dividends	-	-	$1.52
Book Value per Share	$0.87	$1.08	$0.97

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AUDITOR: PricewaterhouseCoopers

LOAD-DATE: August 3, 2016